



The President's Daily Brief

May 22, 1975

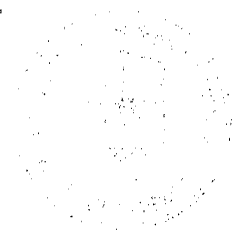
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FOR THE PRESIDENT ONLY

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OPEC

Oil is almost certain to increase in price during the fourth quarter of this year.

If the size of the increase is not resolved at next month's OPEC meeting in Gabon, it undoubtedly will be at subsequent meetings in September. The Shah, a vigorous advocate of upward adjustments in oil prices, apparently has received agreements from Saudi Arabia and Venezuela to go along with the price hikes.

Saudi Arabia, which in the past has played a key role in limiting price increases, has indicated it would not oppose a moderate rise. Saudi officials claim, moreover, that increased hostility by the consuming countries might force Riyadh to agree to even higher prices.

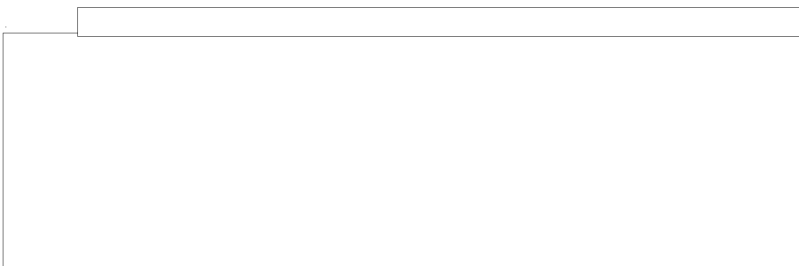
We have no evidence that indicates the size of the price increases being contemplated by various OPEC members. Press speculation that the increase will be about \$2 per barrel does not appear to reflect the official position of any OPEC country. The Shah's claims--that the purchasing power of OPEC oil has declined by 35 percent since early 1974--would imply an OPEC price jump in the range of \$3.50 per barrel in order to catch up. This probably represents an upper limit for OPEC consideration; actual increases are likely to be substantially smaller.

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PORTUGAL

The attempted Communist takeover of a Socialist newspaper and the government's subsequent closure of the paper are continuing to agitate the tense political situation in Lisbon.

Socialist Party leaders have declared their determination to draw the line on this issue and appear prepared to oppose the Communists and pressure the military vigorously to resolve the issue in their favor.



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To emphasize public outrage over this issue, the Socialists have called for a mass rally tonight in Lisbon and other Portuguese cities. A party leader told Ambassador Carlucci yesterday that the Socialists hope to draw 100,000 or more to the Lisbon rally, which they hope will be peaceful. The strain of such a large rally on the security forces will be severe, and if violence gets started, it could get out of hand.

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There is still a good deal of posturing going on. Athens has reacted "strongly" to an interview with Prime Minister Demirel published in Le Monde last Monday. Demirel took a hardline on Cyprus, but the Turks now claim that the article is some two weeks old and does not accurately reflect Demirel's current views. [redacted] the interview, [redacted] puts in doubt the scheduled meeting between Greek and Turkish prime ministers in Brussels. It remains likely that the meeting will take place.

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EGYPT

President Sadat's week-long swing through Kuwait, Iraq, Jordan, and Syria ended last weekend with the appearance of restored Arab solidarity, but in fact did little to move the Arabs closer to a unified approach to the Geneva peace conference.

Sadat almost certainly did not resolve the problem of Palestine Liberation Organization representation at the conference. It is doubtful that he obtained either Palestinian acquiescence in, or Syrian support for, a formula that would permit other Arab delegations at Geneva to speak for the PLO. In fact, Sadat angered the Palestinians by publicly deriding those who refuse to recognize Israel. Terming the destruction of Israel a "myth," Sadat said at a Kuwait press conference that Israel is "an existing reality" whose 1967 borders cannot be touched.

This was the first time Sadat has so explicitly stated Egypt's recognition of Israel before an Arab audience. The statement outraged the Palestinian community in Kuwait, and reportedly prompted a demand that the PLO dissociate itself from Sadat.

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[Redacted] In several public statements during his trip, Sadat even implied concern that the conference might never be convened because of the PLO's continued refusal to compromise on its conditions for attending.

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Little is known of Sadat's discussions in Syria [Redacted]

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[Redacted] Ambassador Murphy's negative assessment of the visit is not so sweeping, but he confirms that the Syrians underscored the distance separating them from Sadat. His sources say that Asad was pessimistic that the Arabs would derive

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anything positive from the Salzburg talks and reserved his option to criticize the whole approach if no forward motion results from US-Egyptian discussions.

Syria's decision to extend the UN observer force's mandate to November 30, conveyed to Secretary General Waldheim yesterday, in fact, is a deliberate move by Asad to divorce his diplomacy from that of Sadat.

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Asad's action will have the effect of reducing the threat of combined Arab military action against Israel, if no diplomatic progress has been made by the time the Egyptian disengagement agreement with Israel expires in July. It should help reduce the tension created by recent Syrian and Jordanian military redeployments along Israel's northern front.

The six-month extension will free Asad to pursue his quarrel against Iraq.

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FRANCE-NATO

President Giscard announced yesterday that he had accepted the invitation of Belgian King Baudouin to attend the dinner to be held for the national leaders participating in the NATO summit in Brussels on May 29 and 30.

France will still be represented at the talks themselves by Foreign Minister Sauvagnargues.

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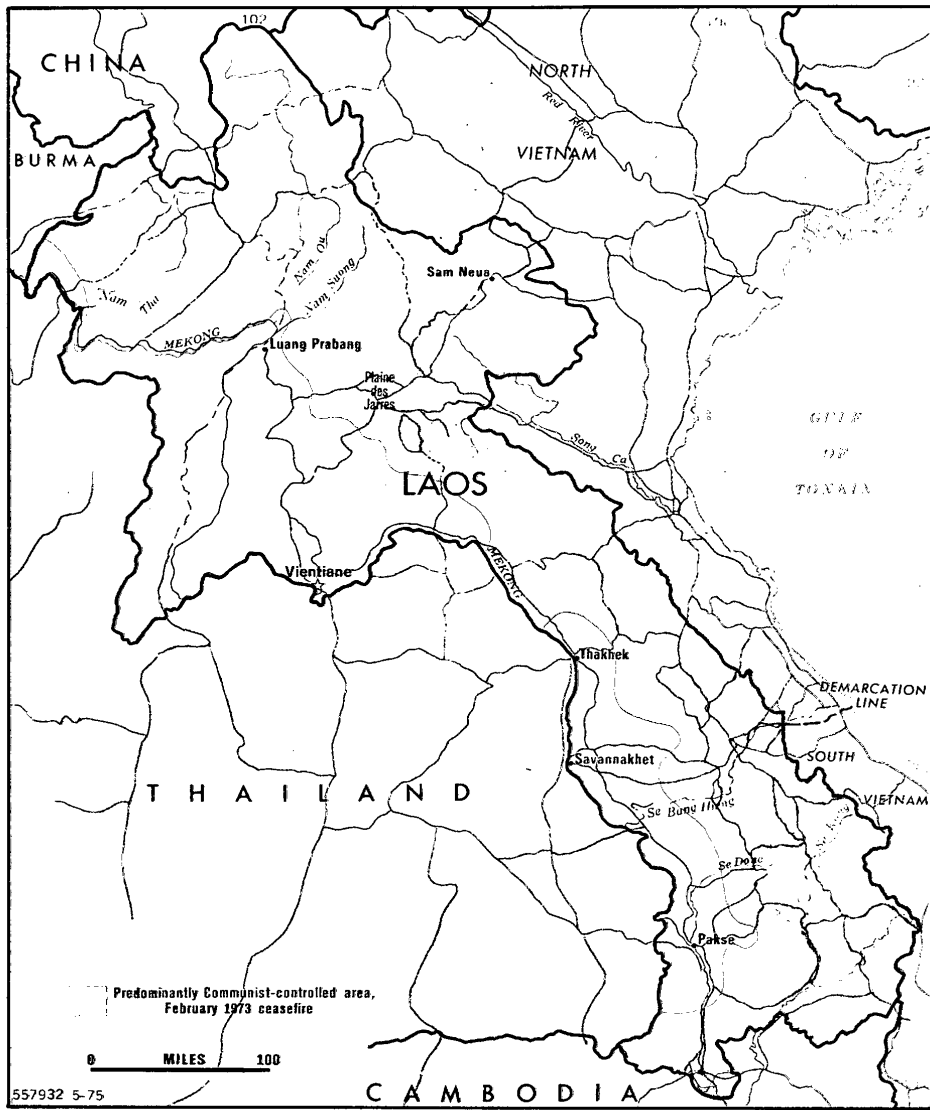
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By treating the NATO summit as "just another ministerial" meeting, Giscard will be able to assure domestic opponents of NATO that he remains unflinching in his opposition to the summit. But by attending the informal dinner himself, he will be able to reap the benefits of consulting directly with other national leaders.



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LAOS

Demonstrators reportedly began leaving the main AID compound in Vientiane this morning.

The demonstrators may be leaving in reaction to an announcement by coalition government spokesmen that AID offices in the provinces will be closed and that the AID organization will be "dissolved after negotiations are held."

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The release of the 12 Americans who have been held under "voluntary" house arrest by demonstrators in Savannakhet for nearly a week is expected shortly. Neutralist Interior Minister Pheng Phongsavan and his Pathet Lao deputy, Deuane Sonnarath, were scheduled to fly to Savannakhet yesterday. The Americans are to accompany Pheng and Deuane back to Vientiane.

The Pathet Lao are continuing to tighten their grip on the coalition government. Deuane Sonnarath and his communist colleague, Information Minister Souk Vongsak, have announced sweeping personnel changes in their respective ministries that effectively remove nearly a dozen non-communist officials from security, propaganda, and news media positions. Most will probably be replaced by Pathet Lao personnel or communist sympathizers.

The Pathet Lao, under the authority of Vientiane's joint police force, have also announced stringent new regulations governing domestic travel by Lao citizens and foreigners; all Chinese, Vietnamese, and Cambodians have been flatly prohibited from leaving the country.

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NOTES

The assassination in Iran on Wednesday of two members of the US military advisory group was apparently the work of an extremist religious group, the People's Strugglers.

The attack apparently was designed to embarrass the regime on the day the Shah returned from his heavily publicized visit to the US. The People's Strugglers reflect the feelings of those conservative religious elements in Iran who deplore the growth of Western, non-Muslim influences and the diminished power of traditional religious leaders that has resulted from the Shah's program of land and social reform. They regard the Shah as a "tool of foreign interests," and they collaborate with radical Marxist groups. The terrorists have not generated public support, and the attack on the US citizens does not indicate a change in generally favorable public sentiments toward American military aid to Iran or Americans in general; the US community in Iran numbers 16,000.

* * *

The Panamanian government is seeking reassurances that the US still wants an early conclusion of a new canal treaty.

Although General Torrijos and President Lakas recently reaffirmed in public their faith in the outcome of the negotiations, they are planning a public relations and action campaign in case negotiations falter.

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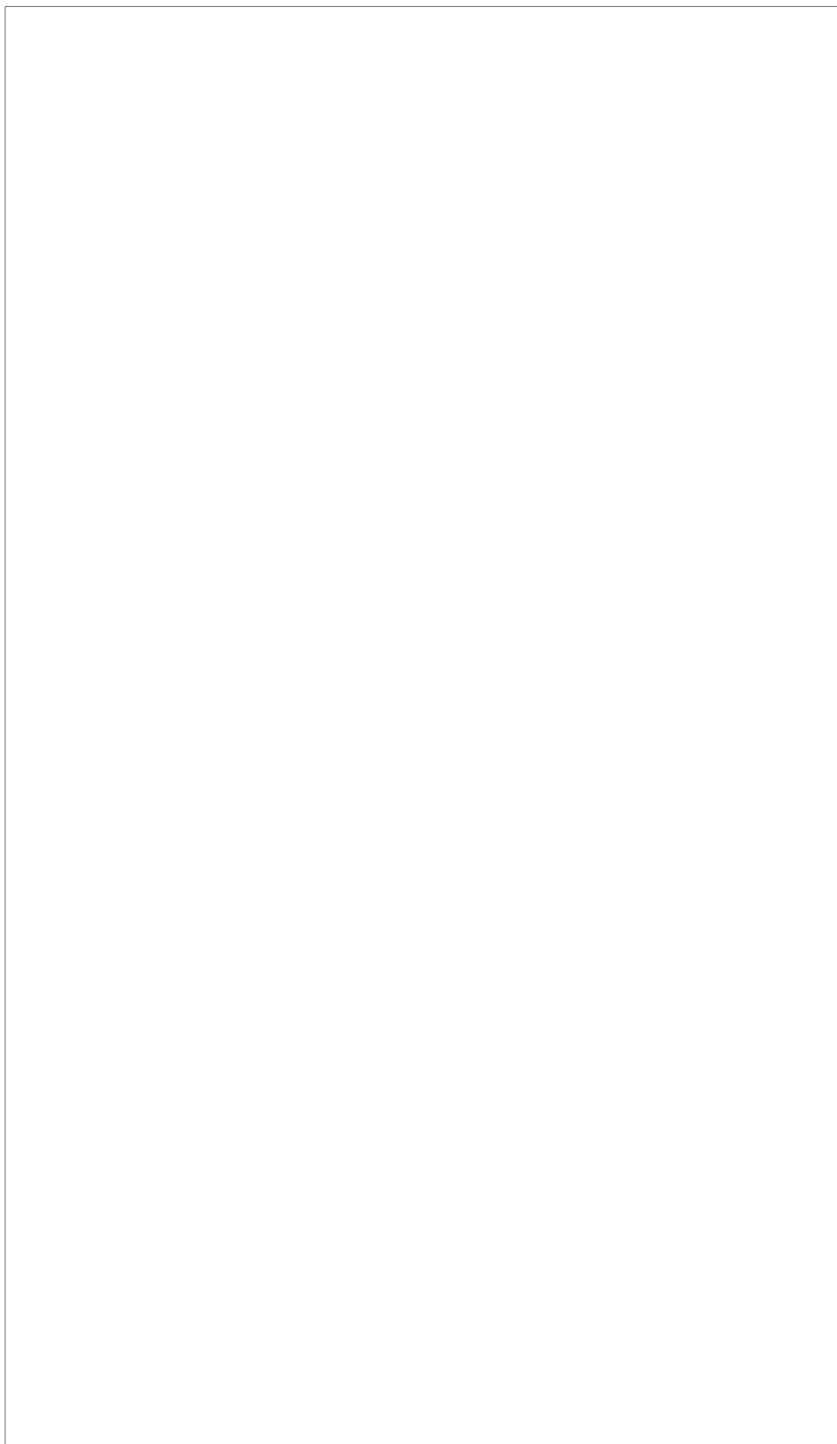
North Korean President Kim Il-song may try to enlist Romania's good offices in communicating with Washington during his current visit to Bucharest.

The Romanians have in the past assisted Pyongyang's efforts to engage the US in direct discussion of Korean military issues. On a personal level, the visit will reinforce the special rapport between Kim and Ceausescu. Romania is the socialist country most admired by North Korea. Kim reportedly is scheduled to go on to Yugoslavia and Algeria, visits which will probably focus on promoting North Korea's relations with the Third World in anticipation of the nonaligned conference in Peru this summer and UN General Assembly consideration of the Korean question this fall.

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